

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY  
REGULAR MEETING OF COMMISSIONERS  
April 17, 2006

The regular meeting of the Board of Commissioners was called to order by President Kathy Ciais at 9:04 a.m. Present were Commissioners Ciais, Gregg Caudell and Chris Kroupa, Manager Roberta Weller, Attorney Steve Graham, Auditor Jennine Groth, and Secretary/Treasurer Jayne Jurgensen. Conservation Director John Friederichs and General Foreman Randy Sage joined the meeting at different times later in the day.

Visitors: Mr. and Mrs. Frank Rounds, Jr.

All stood for the Flag Salute.

The minutes of the March 20, 2006 meeting were corrected and approved by a motion made by Commissioner Kroupa, seconded by Commissioner Ciais and unanimously carried.

The meeting was turned to Mr. Rounds who questioned whether our Utility had met with Okanogan County P.U.D. to discuss the annexation of Ferry P.U.D. customers residing in Okanogan County. He added that he had met with the Okanogan County P.U.D. Board of Commissioners regarding the annexations and they indicated that they would be in favor of such. Their Attorney advised that the two Utility Boards could each pass a resolution allowing for the annexation of the Okanogan County residents by Ferry P.U.D. Attorney Graham was asked to contact Okanogan P.U.D. Attorney Howe regarding the annexation by resolution matter and advise Manager Weller of the findings of the conversation. Manager Weller explained that Okanogan P.U.D. Manager Chuck Berrie will be attending Ferry's May Board Meeting for the purpose of discussing District boundaries and service territories. The Board briefly reviewed RCW's pertinent to the annexation. Mr. and Mrs. Rounds exited the meeting at 9:24 a.m. with the Board continuing to discuss the matter for a short time.

Reports:

The Attorney's Report was presented by Attorney Steve Graham:

1. Has received a telephone call from Attorney DeTro regarding a particular wording change in the Contracts for Purchase of Power for a High Cost Line Extension Project. Mr. DeTro is representing Mr. Darrell Sapp who is the legal owner of several pieces of property included in this project.
2. Along with Manager Weller, participated in an April 3 L&I mediation conference telephone call. The mediation judge advised the Utility that it would learn of the trial date within a few weeks. A legal brief will be filed asserting the Utility's position. By law, the hearing will be held in Ferry County.
3. Has reviewed the minutes of the March Board meeting as they pertain to Mr. Sharp's visit and approves the wording. A draft letter of response was presented and discussed.

Manager Weller presented voter information as it pertains to that area of Okanogan County which may be annexed by Ferry. There are 334 voters in this area with 59 in the Buckhorn precinct. She further presented Ferry County voter precinct information with a lengthy discussion following. Manager Weller advised that the Commissioners boundaries are to be reviewed at least every six years and that the Statute states the Districts are to be as equal in registered voters as possible. Commissioner Caudell proposed that the Boyds Precinct be added to District 1 and the West Fork and San Poil Precincts be added to District 3. He further suggested that this revision be presented at a 1:00 p.m. public hearing during the May 15 Board Meeting. Attorney Graham questioned whether this change would have any bearing on the election for the District 2 Commissioner this year. A motion was made by Commissioner Kroupa to adjust the district voting boundaries as discussed. The motion was seconded by Commissioner Caudell and approved.

Attorney Graham was thanked for his time and he exited the meeting at 10:52 a.m.

Conservation Director John Friederichs joined the meeting at 10:55 a.m. for the purpose of presenting the Conservation Report:

1. Utility participated in the Conservation Fair. Wasn't well attended this year. Gift basket was won by Lily Beckwith.
2. Still working on the Post 2006 B.P.A. Conservation program which will begin in September. The possibilities are very limited. Is working with Rural Resources on the possibility of a low-income weatherization program and local businesses regarding education and sales events in conjunction with the Energy Star® program.
3. Will be installing one more solar system with another site to be evaluated.
4. USDA/RUS has yet to release the Notice of Funds Availability for the 2006 grant season. Will be evaluating the remaining funds in the current program to determine how many more line extensions will be possible.
5. The Hospital will be installing a solar package on the new senior care facility. This will be under the SNAP program and will be C&RD funded. The Hospital will receive the State credit for the electricity produced and the Hospital Auxiliary will receive the SNAP payments as they are a 501c.3 non-profit organization. This will all be covered on a Net Metering Agreement. There is also the possibility that the Orient Television Association may qualify for state energy credits for their solar system.
6. The CERB/JDF grant application package has been submitted. The threshold review was to be completed by April 11 and those applicants not meeting the requirements so notified.

7. Participated in the Curlew Science Fair which was not as well attended as in previous years.
  8. Working with the Republic Junior High "Next Club" on the construction of a solar powered car which will be entered in a State competition.
  9. Attended a very beneficial class which explained how to develop funding requests.
- Mr. Friederichs was thanked for his report and he exited the meeting at 11:28 a.m. with a brief recess declared at this time. The meeting returned to regular session at 11:40 a.m.

Commissioners Reports:

Commissioner Ciaia:

1. Was not able to attend the CAB meeting.

Commissioner Kroupa:

1. Attended the CAB meeting.
2. Attended an NRU meeting in Portland, OR. Several issues were discussed and are still being discussed via email and tele-conferences. Fish CRAC was presented as something that B.P.A. has proposed and is not a reality. It is dependent upon the 9<sup>th</sup> Circuit Courts water release requirements. The budget proposal made by President Bush and Senator Craig where in B.P.A.'s surplus payments would be used by OMB to help pay down the national debt has been put on hold for two years. This proposal has not been completely eliminated. The allocation of B.P.A.'s system was discussed with the Board discussing this at length. Manager Weller explained that Ferry P.U.D. is a full requirements customer and B.P.A. is to provide whatever is needed by the Utility. NRU has proposed a simplification to the original allocation process and it appears to be acceptable to B.P.A.

The meeting recessed at 12:00 for lunch with the meeting reconvening at 1:15 p.m. with General Foreman Sage joining the meeting.

The General Foreman's Report was presented by Randy Sage:

1. The crew has been replacing poles in the Republic and Curlew areas. When the Republic area is completed they will begin working on Highway 21 South.
2. Work is also being done for the new dormitories at the Job Corps Center.
3. The service for the old Republic Elementary School, near Anderson's Grocery, will be removed next week.
4. The radio system at Jones bay is operational. The next radio issue will be to improve the office communications. The Franson project will begin as soon as the weather permits and should be completed by July 1, 2006. The building has been supplied by Homeland Security and it and the tower should be ready by mid-June. All new radios have been installed in the vehicles. The old radios have been stored in the shop.
5. Basin Tree Service will begin work on April 24 in the Keller area and will work their way north.
6. Will spray in the sub-stations as soon as the weather permits.
7. The Utility's policy regarding meter base installation was discussed. The Utility owns the riser and pipe all the way to the disconnect or meter base. This has been discussed with Washington State Electrical Inspector, Roger Money. General Foreman Sage stated that he wished this information to be in the records and Mr. Money will advise those individuals in Region 5 and those that will be coming from Spokane to inspect in this area. The Utility provides all wire and pipe for underground installations.
8. No further work will be performed on the Kinross line extension for the Buckhorn Mine this year.
9. Attended the CAB meeting at the Eagle Cliff Grange on April 13. The group is now more diverse. A good neighbor agreement will be developed by a consultant to help meet the concerns which have been expressed by citizens living along the haul route and in the vicinity of the barrow pit. Kinross will cover the cost of the consultant and Kinross will also be covering the cost for one additional full-time Ferry County Deputy commencing when road construction begins in approximately six weeks and continuing through the life of the mine. Material needed from the Beal borrow pit may be available from a gabion wall site closer to Curlew. The Ferry County portion of the road reconstruction is to be completed by mid October with the Okanogan County work to begin in the spring of 2007. The mine anticipates using a generator to supply their power needs for at least a year. The possibility of the empty ore trucks returning to the mine via Republic and Wauconda will not be possible as that portion of the State Highway would also need to be reconstructed and the County Commissioners do not feel the funding would be forthcoming. There are still several permits that the mine has yet to obtain. The CAB meetings will continue to be held at the Eagle Cliff Grange on the second Thursday of each month beginning at 6:30 p.m.

Commissioner Caudell reported that the proposed Mt. Tolman mine was voted down by Colville Tribal members.

General Foreman Sage was thanked for his time and he exited the meeting at 2:04 p.m.

Commissioner Caudell reported that the WPUA Water Tour has been canceled but has since been changed into a one-day tour for State Representatives.

The Manager's Report was presented by Roberta Weller:

Correspondence:

1. A letter has been received from Mr. Steve Russ regarding his departure from the Utility.
2. Clallam County P.U.D. owes their tribal consumers \$456,000 in retroactive payment for privilege and utility taxes which were collected over a five year period. Tribal members are not required to

- pay these taxes if they reside on tribal lands and complete the necessary application.
3. The TV Association has provided new pricing for their broadband services. Effective May 1, the Utility will be paying \$150.50 per month plus \$3 for our own modem and \$40.50 for the shop service. A brief discussion of a dedicated service followed. A local Verizon representative has explained to Manager Weller that Verizon has no plans to improve high speed access in Ferry County. NOANET may still be a viable option.
  4. A letter has been received from the USDA/RUS advising that the Utility did not meet the tier ratio.
  5. A thank-you has been received from the Hospital District for the assistance in trimming the trees at the Hospital.
  6. A letter has been received from the Republic Business and Professional Women thanking the Utility for supporting their 3<sup>rd</sup> Annual Bingo Fund Raiser. Utility employees donated two P.U.D. gift certificates which were used as bingo prizes.
  7. A letter has been received from B.P.A. advising that DSI's are conducting regional discussions on the regional dialogue. Comments may be submitted until May 31, 2006 at which time their Record of Decision will be issued.
  8. A letter has been received from B.P.A. explaining that B.P.A. and Energy Northwest have reached a payment resolution.
  9. In February NWPPA advised that they would no longer be contracting with ESCI for safety training. ESCI is now working directly with utilities and can provide the same safety training at a lower price. Members of CWPU are preparing a Request for Proposal for a safety program in order to determine if the ESCI pricing is in line.
  10. A letter has been received from the Stonerose Interpretive Center advising that their annual membership dig has been scheduled for April 29. A membership renewal was also included with a business membership costing \$50. A motion was made by Commissioner Kroupa to continue the Utility membership at the \$50 level. The motion was seconded by Commissioner Ciaias and unanimously approved.
  11. A letter and accompanying invoice in the amount of \$500 has been received from APPA for a new electric market reform initiative to address market failure facing public power. The Board was in concurrence that the Utility would not participate.
  12. A letter has been received from B.P.A. advising that their draft Power Function Review No. 2 is available for review and comments may be made on-line.

#### Meetings:

1. NWPPA will be presenting their annual Engineering and Operations workshop in Spokane the last week of April. Mike Brown will be attending a few of the seminars as Manager Weller was able to negotiate a favorable price for the Utility.
2. Reservations have now been made for Commissioner Caudell to attend the May WPUDA meeting. Reservations will be made for the June WPUDA Strategic Planning Meeting.
3. The Voting Delegate form has been received for the NWPPA Annual Conference. Board President Ciaias is the Utility's Delegate.

#### General Business:

1. Federated Insurance has provided a "Guide of Directors Duties and Responsibilities". Copies will be provided to the Board.
2. A unique meter location was presented to the Board and discussed at length. Mr. Friederichs joined the meeting to provide additional information with the Board to made a decision prior to the end of the meeting.
3. An advertisement for a new Lineman has been placed on the APPA Website at the cost of \$50 for one week. The advertisement has also been placed on the NWPPA website and will be printed in the monthly Bulletin magazine.
4. The fraudulent payroll checks presented to the Utility were shown and the matter explained. The incident has been reported to the police department responsible for the area of the coast. The Utility bore no expense in the matter as it continues to use warrants rather than checks.
5. An updated closed work order report was presented.
6. New labor costs have been calculated. The new straight time cost is \$59 per hour and the new overtime rate is \$105 per hour.
7. Information on the reduction of the shop's electrical consumption since the installation of the oil burner was presented.
8. A Request for Proposal has been prepared to obtain proposals for the RUS required reporting. Proposals are to be submitted by April 24, 2006.
9. Dates have yet to be set for District employees to travel to Kittitas P.U.D. to watch their new computer system.
10. Jacob Burbank has been hired to fill the new Pole Tester / Groundman position. He will begin work May 1. He has over 4,000 hours of experience as an Apprentice and may be able to move into the Apprentice Program when Justin Koepke completes his training. The Union will no longer allow the Utility to have two Apprentice Lineman at the same time.

A brief recess was declared at 3:56 p.m. with the meeting reconvening at 4:08 p.m.

11. A proposal has been received from Staking Engineer Steve VanSlyke whereby he would complete his education and receive an electrical engineering degree. The proposal states that, based on the current use of outside engineering firms, this work would be accomplished in-house thus saving the Utility money. Mr. VanSlyke would be able to transfer a number of his existing education credits towards the degree and would complete the studies in one year. He requested that the Utility reimburse him for the cost of this education. At the present time, the Utility does reimburse those

employees for the cost of further education when it is a requirement of their current position. The Board discussed this proposal at length and Manager Weller was asked to obtain additional information from Mr. VanSlyke before a decision could be made. ***This portion was clarified at the May 15, 2006 meeting to explain that the Utility allows for further education if it is a requirement of the job and that the employee must maintain a 3.0 GPA and is reimbursed for tuition expenses upon providing proof of grades.***

12. The Union employees were granted a wage increase effective April 1, 2006. Administrative Schedule 23-06 was presented to the Board which will allow a wage increase for management personnel. A motion was made by Commissioner Kroupa to accept Proposal Schedule 23-06. The motion was seconded by Commissioner Caudell and unanimously approved.
13. Resolution 06-05 "A Resolution of Commitment to RUS" was approved by a motion made by Commissioner Kroupa, seconded by Commission Cia's and unanimously carried.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of April 10, 2006 were \$1,791,827.82 with restricted funds of \$1,420,673.42. There were eight outages in the month of March for a year-to-date total of thirty-two compared to thirteen for the same period in 2005. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed. Consumers are taking advantage of their ability to pay their accounts with a credit or debit card. Non-payment disconnects are being processed each week in order to bring accounts current.

General Foreman Sage joined the meeting at 4:55 p.m. Manager Weller presented the meter relocation issue to Mr. Sage with a brief discussion following. It will be possible for the Utility to offer this customer the option of installing a CT meter at the cost of \$500. General Foreman Sage will evaluate the job. Mr. Sage exited the meeting at 4:58 p.m.

2. Work Order Number 340.I through 340.X for March 2006 in the amount of \$31,957.62 was presented to the Board and approved by a motion made by Commissioner Kroupa, seconded by Commissioner Cia's and unanimously carried.

The Auditor's Report was presented by Jennine Groth:

1. The voucher listing was reviewed with the Board and questions answered. The Board approved Payroll Warrants Number 008879 through 008896 in the amount of \$39,076.38 and 008897 through 008917 in the amount of \$42,936.29 and G&O Warrants Numbers 23231 through 23327 in the amount of \$177,841.52 by motion made by Commissioner Kroupa, seconded by Commissioner Cia's and unanimously carried.
2. The Financial and Statistical Report was reviewed by the Board.
3. The D. Hittle report was presented.

Lobbying: None

With no further business to come before the Board, the meeting adjourned at 5:25 p.m.

BOARD OF COMMISSIONERS  
PUBLIC UTILITY DISTRICT NO. ONE  
FERRY COUNTY, WASHINGTON

\_\_\_\_\_  
President

ATTEST:

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Vice-President

\_\_\_\_\_  
Secretary

APPROVED:

\_\_\_\_\_  
Manager